

COMMERCE COMMITTEE AIR TRAFFIC HEARING COMMENTS

SENATOR WAYNE ALLARD

Mr. Chairman, thank you for allowing me to contribute my comments as a part of the Senate Commerce Committee's hearings on air traffic in the United States. As you are aware recent issues affecting the major air carrier flying in and out of Denver International Airport have generated great interest in this issue in Colorado and the surrounding region. For several years now there has been a growing interest in consumer satisfaction with the airline industry and I am pleased that your timely hearings recognize the broad scope of this issue.

I recently hosted a series of roundtable meetings in Denver with community, business, and government leaders concerning many of the important issues confronting the State of Colorado. One of the more interesting Roundtables each year is the High Technology Roundtable. The high technology industry has been increasingly drawn to Colorado due to many factors. Colorado is fortunate to have a number of nationally recognized research universities, a high standard of living, and an educated work force. The recent completion of a new high-capacity international airport in Denver rounded out the qualities that large high technology companies look for when selecting sites for new facilities. It is no secret in state and local government that the high technology sector represents high paying jobs, a solid tax base and a clean industrial presence. I am proud of the State of Colorado for providing such an alluring draw for the industry that is playing such a vital role in America's economy.

I am deeply concerned that a consistent theme at each roundtable was the ongoing and highly publicized problems in the passenger aviation industry. The lack of confidence in passenger airline service and the increasing stakes involved were clearly illustrated when one participant stated plainly that his company's business model, which included Denver and the Silicon Valley, was being modified due to a lack of reliable air service in and out of Denver. This only echoes what hundreds of thousands of travelers have experienced as they have passed through Denver International Airport and other airports in recent years. The passenger aviation industry has become consistently unreliable with tremendous personal and professional costs for the people of Colorado. I feel that discussing flight delays and cancellations, airline scheduling, the increase in weather related delays, airport and air capacity are essential. I would like to focus my comments, however, on two issues that may not be getting as much attention as those most visible to the flying public; the impact of hubs at airports can have on a region and the modernization of the Air Traffic Control System (ATC).

Many people have rushed to judgement on the air traffic issue based solely on the recent problems being experienced by United Airlines. In addition to being the nation's largest carrier, United has the lion's share of gates at Denver International Airport. While it is difficult to justify many of the problems numerous passengers have experienced on board United and other airlines this summer, I must make it clear that the labor and mechanical problems experienced by United do not appear to be specific to the airline itself, nor do the problems appear to be specific to the Denver market. I would assert that the difficulties experienced in Denver this summer are indicative of potential problems for a number of hub

airports if the carrier they depend on for the bulk of their air service were to stutter for one reason or another.

The current hub system allows a single carrier to practically monopolize the passenger traffic within a region. I have always held that increased competition would best serve the flying public. I do not believe that the current state of aviation reflects this value and consequently entire regions of the country are at the mercy of a single air carrier. This summer's problems experienced by United created enormous problems in the Denver area. Perhaps next summer similar problems will occur in Charlotte, Minneapolis, Miami or any hub airport where a single airline accounts for more than sixty percent of the market share (according to carrier filings with the Department of Transportation United maintains a 65.11 percent market share in Denver International Airport). I am respectfully submitting a series of charts from the March 28, 2000 Aviation Daily that documents the market share of U.S. carriers at leading U.S. airports.

According to a 1999 Consumer Reports survey hub airports where passengers lack choice tend to have higher air fares. The survey indicated that passengers buying restricted coach-fare tickets can expect to pay \$25 to \$55 more per round trip ticket for journeys covering more than 1,600 miles. For airports that serve a large region, such as Denver International, consumers are captive not only geographically but may also be at the mercy of a large provider. On a related note a hub airport that experiences delays by a large carrier must redistribute passengers to other airlines. This can dramatically lower the on-time percentage of secondary or tertiary carrier as well as the overall on-time rating of the entire airport. It is important to note that the overall costs of tickets and on-time percentage contribute to the overall perception of an airport by consumer groups and frugal business or recreational travelers. I believe the answer is more competition.

Prior to United Airlines recent delays and cancellations based on high profile labor issues, there existed what many carriers recognize as an increasing problem with delays and cancellations due to the Air Traffic Control (ATC) system. The number of weather and ATC delays for United Airlines have increased 65% since 1995. The increase in these uncontrolled delays are more stark when compared with controlled delays such as crews, maintenance and other operational irregularities. United's controlled delays, weather and ATC related delays, have decreased by 24% since 1995. Clearly there is reason to include a comprehensive study of recent changes and problems with the Air Traffic Control system maintained by the Federal Aviation Administration in any discussion relating to air traffic.

Almost one year ago the FAA began to centralize the operation of the air traffic system's collection and dissemination of weather data. In place of individual airlines' meteorologists and regional weather forecasters all weather data is now routed from regions all over the country to an FAA facility in Herndon, Virginia. From Virginia the FAA now issues directives to reroute or ground air traffic. On more than one occasion this summer there has been significant disagreement over whether decisions to close or reroute traffic have been valid, and further, whether the decisions were able to be made objectively from the centralized Virginia headquarters.

In fairness to the FAA it is important to note that the centralization of weather data was supported by the carriers following the summer of 1999 and previously unequaled congestion and delays. Based on data from the summer of 2000 the solution, however, appears to have been misdirected. I respectfully submit a September 14, 2000 Wall Street Journal article entitled "Efforts to Ease Delays In Summer Air Travel Also Produce Snarls" which examines the most recent problems with this centralized system.

Given the current questions surrounding the ATC system, and the estimated 600 million Americans flying each year, it is important that the ATC system be made more responsive and efficient. At the same time I believe that we would be well served to examine the recent privatization of air traffic control in Canada. I understand that this is an issue that may be beyond the scope of the current Commerce Committee hearings, but I respectfully request that "Commercializing Air Traffic Control" by Robert W. Poole, Jr. of the Cato Institute also be submitted to the record.

Thank you for your consideration and your willingness to explore these issues. I look forward to working with the Commerce Committee on the important issues affecting passengers and airlines in the months to come.